

# HOUSE BILL No. 1464

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 27-8-5.

**Synopsis:** Group health coverage for farmers. Allows farmers to unite to purchase a policy of accident and sickness insurance to cover the farmers and their employees.

**Effective:** July 1, 2009.

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**Koch**

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January 14, 2009, read first time and referred to Committee on Insurance.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

## HOUSE BILL No. 1464

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 27-8-5-16, AS AMENDED BY P.L.218-2007,  
2       SECTION 46, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3       JULY 1, 2009]: Sec. 16. Except as provided in sections 17 and 24 of  
4       this chapter, no policy of group accident and sickness insurance may  
5       be delivered or issued for delivery to a group that has a legal situs in  
6       Indiana unless it conforms to one (1) of the following descriptions:

7               (1) A policy issued to an employer or to the trustees of a fund  
8               established by an employer (which employer or trustees must be  
9               deemed the policyholder) to insure employees of the employer for  
10              the benefit of persons other than the employer, subject to the  
11              following requirements:

12                   (A) The employees eligible for insurance under the policy  
13                   must be all of the employees of the employer, or all of any  
14                   class or classes of employees. The policy may provide that the  
15                   term "employees" includes the employees of one (1) or more  
16                   subsidiary corporations and the employees, individual  
17                   proprietors, members, and partners of one (1) or more



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1 affiliated corporations, proprietorships, limited liability  
 2 companies, or partnerships if the business of the employer and  
 3 of the affiliated corporations, proprietorships, limited liability  
 4 companies, or partnerships is under common control. The  
 5 policy may provide that the term "employees" includes retired  
 6 employees, former employees, and directors of a corporate  
 7 employer. A policy issued to insure the employees of a public  
 8 body may provide that the term "employees" includes elected  
 9 or appointed officials.

10 (B) The premium for the policy must be paid either from the  
 11 employer's funds, from funds contributed by the insured  
 12 employees, or from both sources of funds. Except as provided  
 13 in clause (C), a policy on which no part of the premium is to  
 14 be derived from funds contributed by the insured employees  
 15 must insure all eligible employees, except those who reject the  
 16 coverage in writing.

17 (C) An insurer may exclude or limit the coverage on any  
 18 person as to whom evidence of individual insurability is not  
 19 satisfactory to the insurer.

20 (2) A policy issued to a creditor or its parent holding company or  
 21 to a trustee or trustees or agent designated by two (2) or more  
 22 creditors (which creditor, holding company, affiliate, trustee,  
 23 trustees, or agent must be deemed the policyholder) to insure  
 24 debtors of the creditor, or creditors, subject to the following  
 25 requirements:

26 (A) The debtors eligible for insurance under the policy must  
 27 be all of the debtors of the creditor or creditors, or all of any  
 28 class or classes of debtors. The policy may provide that the  
 29 term "debtors" includes:

30 (i) borrowers of money or purchasers or lessees of goods,  
 31 services, or property for which payment is arranged through  
 32 a credit transaction;

33 (ii) the debtors of one (1) or more subsidiary corporations;  
 34 and

35 (iii) the debtors of one (1) or more affiliated corporations,  
 36 proprietorships, limited liability companies, or partnerships  
 37 if the business of the policyholder and of the affiliated  
 38 corporations, proprietorships, limited liability companies, or  
 39 partnerships is under common control.

40 (B) The premium for the policy must be paid either from the  
 41 creditor's funds, from charges collected from the insured  
 42 debtors, or from both sources of funds. Except as provided in

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clause (C), a policy on which no part of the premium is to be derived from the funds contributed by insured debtors specifically for their insurance must insure all eligible debtors.

(C) An insurer may exclude any debtors as to whom evidence of individual insurability is not satisfactory to the insurer.

(D) The amount of the insurance payable with respect to any indebtedness may not exceed the greater of the scheduled or actual amount of unpaid indebtedness to the creditor. The insurer may exclude any payments that are delinquent on the date the debtor becomes disabled as defined in the policy.

(E) The insurance may be payable to the creditor or any successor to the right, title, and interest of the creditor. Each payment under this clause must reduce or extinguish the unpaid indebtedness of the debtor to the extent of the payment, and any excess of the insurance must be payable to the insured or the estate of the insured.

(F) Notwithstanding clauses (A) through (E), insurance on agricultural credit transaction commitments may be written up to the amount of the loan commitment on a nondecreasing or level term plan, and insurance on educational credit transaction commitments may be written up to the amount of the loan commitment less the amount of any repayments made on the loan.

(3) A policy issued to a labor union or similar employee organization (which must be deemed to be the policyholder) to insure members of the union or organization for the benefit of persons other than the union or organization or any of its officials, representatives, or agents, subject to the following requirements:

(A) The members eligible for insurance under the policy must be all of the members of the union or organization, or all of any class or classes of members.

(B) The premium for the policy must be paid either from funds of the union or organization, from funds contributed by the insured members specifically for their insurance, or from both sources of funds. Except as provided in clause (C), a policy on which no part of the premium is to be derived from funds contributed by the insured members specifically for their insurance must insure all eligible members, except those who reject the coverage in writing.

(C) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

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(4) A policy issued to a trust or to one (1) or more trustees of a fund established or adopted by two (2) or more employers, or by one (1) or more labor unions or similar employee organizations, or by one (1) or more employers and one (1) or more labor unions or similar employee organizations (which trust or trustees must be deemed the policyholder) to insure employees of the employers or members of the unions or organizations for the benefit of persons other than the employers or the unions or organizations, subject to the following requirements:

(A) The persons eligible for insurance must be all of the employees of the employers or all of the members of the unions or organizations, or all of any class or classes of employees or members. The policy may provide that the term "employees" includes the employees of one (1) or more subsidiary corporations and the employees, individual proprietors, and partners of one (1) or more affiliated corporations, proprietorships, limited liability companies, or partnerships if the business of the employer and of the affiliated corporations, proprietorships, limited liability companies, or partnerships is under common control. The policy may provide that the term "employees" includes retired employees, former employees, and directors of a corporate employer. The policy may provide that the term "employees" includes the trustees or their employees, or both, if their duties are principally connected with the trusteeship.

(B) The premium for the policy must be paid from funds contributed by the employer or employers of the insured persons, by the union or unions or similar employee organizations, or by both, or from funds contributed by the insured persons or from both the insured persons and one (1) or more employers, unions, or similar employee organizations. Except as provided in clause (C), a policy on which no part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance must insure all eligible persons, except those who reject the coverage in writing.

(C) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

(5) A policy issued to an association or to a trust or to one (1) or more trustees of a fund established, created, or maintained for the benefit of members of one (1) or more associations. The

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1 association or associations must have at the outset a minimum of  
 2 one hundred (100) persons, must have been organized and  
 3 maintained in good faith for purposes other than that of obtaining  
 4 insurance, must have been in active existence for at least one (1)  
 5 year, and must have a constitution and bylaws that provide that  
 6 the association or associations hold regular meetings not less than  
 7 annually to further purposes of the members, that, except for  
 8 credit unions, the association or associations collect dues or  
 9 solicit contributions from members, and that the members have  
 10 voting privileges and representation on the governing board and  
 11 committees. The policy must be subject to the following  
 12 requirements:

13 (A) The policy may insure members or employees of the  
 14 association or associations, employees of members, one (1) or  
 15 more of the preceding, or all of any class or classes of  
 16 members, employees, or employees of members for the benefit  
 17 of persons other than the employee's employer.

18 (B) The premium for the policy must be paid from funds  
 19 contributed by the association or associations, by employer  
 20 members, or by both, from funds contributed by the covered  
 21 persons, or from both the covered persons and the association,  
 22 associations, or employer members.

23 (C) Except as provided in clause (D), a policy on which no  
 24 part of the premium is to be derived from funds contributed by  
 25 the covered persons specifically for the insurance must insure  
 26 all eligible persons, except those who reject such coverage in  
 27 writing.

28 (D) An insurer may exclude or limit the coverage on any  
 29 person as to whom evidence of individual insurability is not  
 30 satisfactory to the insurer.

31 (6) A policy issued to a credit union, or to one (1) or more trustees  
 32 or an agent designated by two (2) or more credit unions (which  
 33 credit union, trustee, trustees, or agent must be deemed the  
 34 policyholder) to insure members of the credit union or credit  
 35 unions for the benefit of persons other than the credit union or  
 36 credit unions, trustee, trustees, or agent, or any of their officials,  
 37 subject to the following requirements:

38 (A) The members eligible for insurance must be all of the  
 39 members of the credit union or credit unions, or all of any  
 40 class or classes of members.

41 (B) The premium for the policy shall be paid by the  
 42 policyholder from the credit union's funds and, except as

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provided in clause (C), must insure all eligible members.

(C) An insurer may exclude or limit the coverage on any member as to whom evidence of individual insurability is not satisfactory to the insurer.

(7) A policy issued to cover persons in a group specifically described by another law of Indiana as a group that may be covered for group life insurance. The provisions of the group life insurance law relating to eligibility and evidence of insurability apply to a group health policy to which this subdivision applies.

(8) A policy issued to a trustee or agent designated by two (2) or more small employers (as defined in IC 27-8-15-14) as determined by the commissioner under rules adopted under IC 4-22-2.

**(9) A policy issued to a trustee or agent designated by two (2) or more farmers who unite to insure themselves or their employees for the benefit of themselves or their employees, subject to the following requirements:**

**(A) A farmer or employee insured under the policy must meet the following requirements:**

**(i) Be at least nineteen (19) years of age and less than sixty-five (65) years of age.**

**(ii) Live, or work as described in item (iii), in Indiana.**

**(iii) Be actively engaged in agriculture for at least thirty (30) hours per week during more than six (6) months per year, and derive at least sixty-six percent (66%) of the individual's income from farming.**

**(iv) Commit to participation in insurance under the policy for at least three (3) years.**

**(B) The employees of a farmer who are eligible for insurance under the policy must be all of the farmer's employees who meet the requirements specified in clause (A).**

**(C) The premium for the policy shall be paid by the policyholder from funds contributed by the farmers or employees specifically for the insurance.**

**(D) The farmers or group of farmers may not receive any financial benefit in connection with any activity allowed under this subdivision.**

**(E) An insurer may exclude or limit the coverage on any individual as to whom evidence of individual insurability is not satisfactory to the insurer.**

SECTION 2. IC 27-8-5-17, AS AMENDED BY P.L.218-2007,

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SECTION 47, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
JULY 1, 2009]: Sec. 17. (a) A group accident and sickness insurance  
policy shall not be delivered or issued for delivery in Indiana to a group  
that is not described in section 16(1)(A), 16(2)(A), 16(3)(A), 16(4)(A),  
16(5)(A), 16(6)(A), 16(7), ~~or~~ 16(8), **or 16(9)** of this chapter unless the  
commissioner finds that:

(1) the issuance of the policy is not contrary to the best interest of  
the public;

(2) the issuance of the policy would result in economies of  
acquisition or administration; and

(3) the benefits of the policy are reasonable in relation to the  
premiums charged.

(b) Except as otherwise provided in this chapter, an insurer may  
exclude or limit the coverage under a policy described in subsection (a)  
on any person as to whom evidence of individual insurability is not  
satisfactory to the insurer.

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